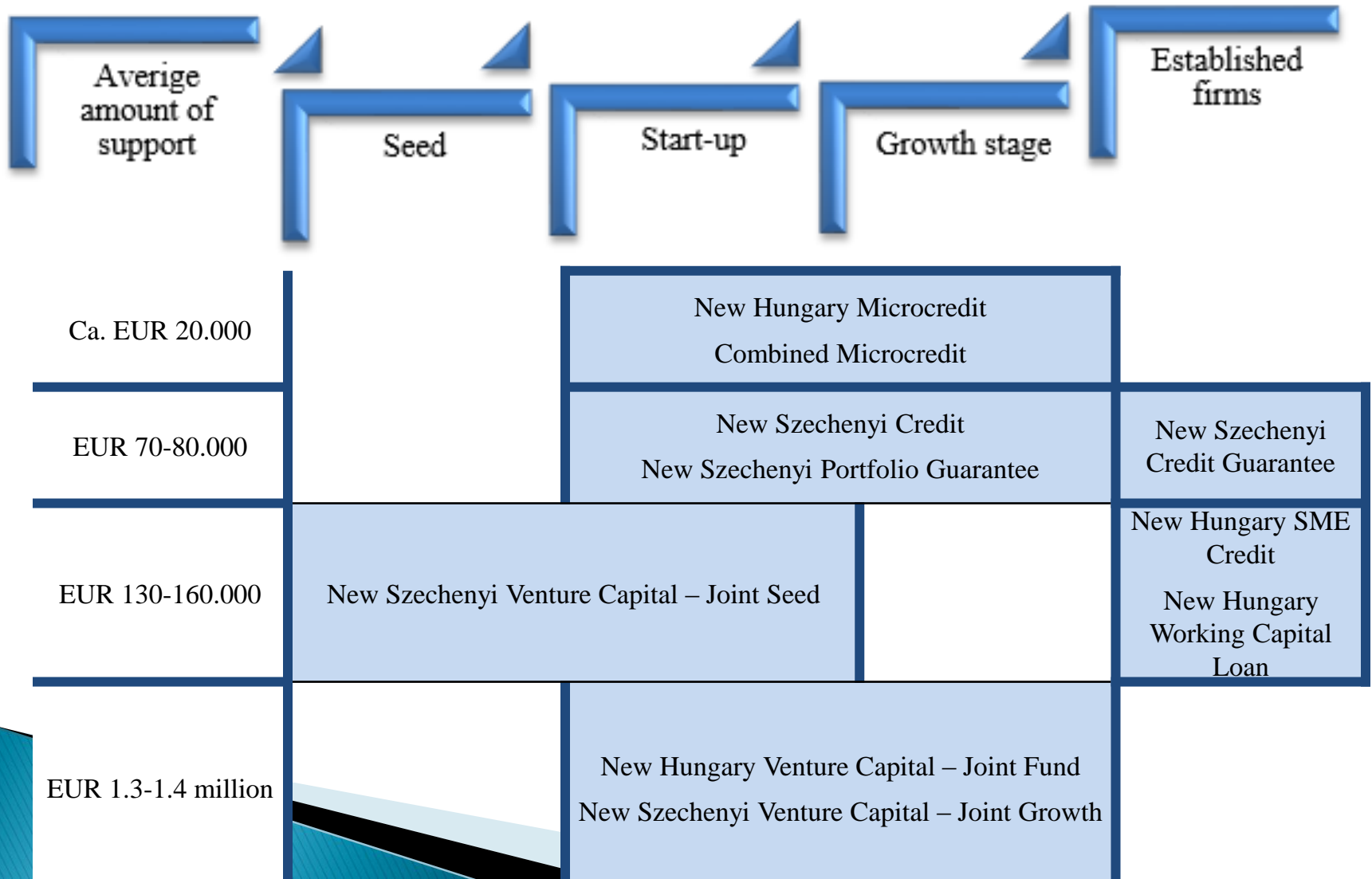


Experiences with implementation of FI in Hungary – issues for the current period

Dr Györgyi NYIKOS PhD



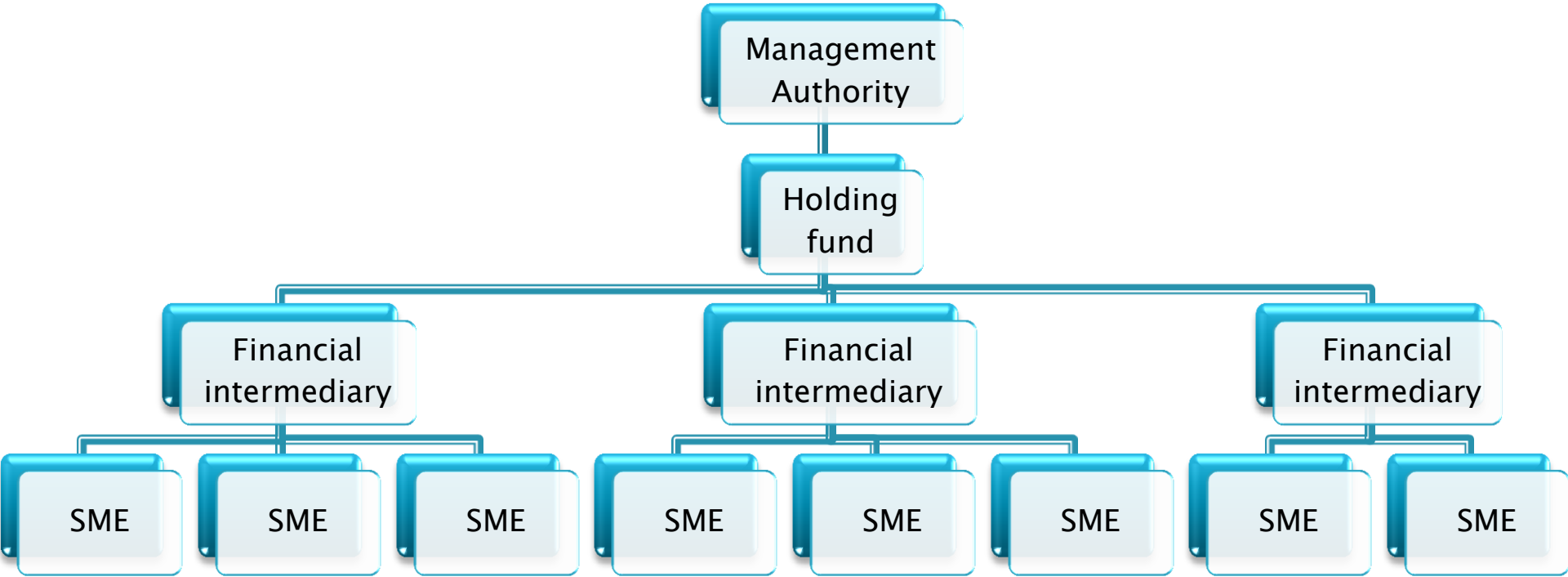
Different FIs in the business development cycle



FEI products

OP	FIs	Short description	Launching the program
EDOP, CHOP	“New Széchenyi” Combined Micro Credit and Grant	For micro enterprises, for 120 months Min HUF 1 million, max HUF 20 million (ca min EUR 3,500, max EUR 70,000) 10% own resources, 45% micro credit, 45% grant	2011
EDOP, CHOP	“New Széchenyi” Credit (previously Micro Credit)	For micro and small enterprises, for 36/120 month (depending on the type of the credit, e.g. investment or asset) Max. HUF 50 million (ca max EUR 175,000)	2007
EDOP, CHOP	“New Hungary” Small and Medium Credit	For small and medium sized enterprises, for 10 years Min HUF 10 million, max HUF 100 million (ca min EUR 35,000, max EUR 350,000)	2008 (closed in 2012)
EDOP, CHOP	“New Hungary” Working Capital Loan	For small and medium sized enterprises, for 1–2 years Min HUF 1 million, max HUF 200 million (ca min EUR 3,500, max EUR 700,000)	2008 (closed in 2010)
EDOP, CHOP	Portfolio guarantee	Up to 80%	2007
EDOP, CHOP	Venture capital	Trough venture capital fund management firms, tasked with raising a fixed proportion of additional private funding to the resources committed by Venture Finance Hungary Plc. The abovementioned partners were selected by open tender in the second half of 2009.	2009
7 RDOPs	Equity fund	Venture capital in the regions.	2010

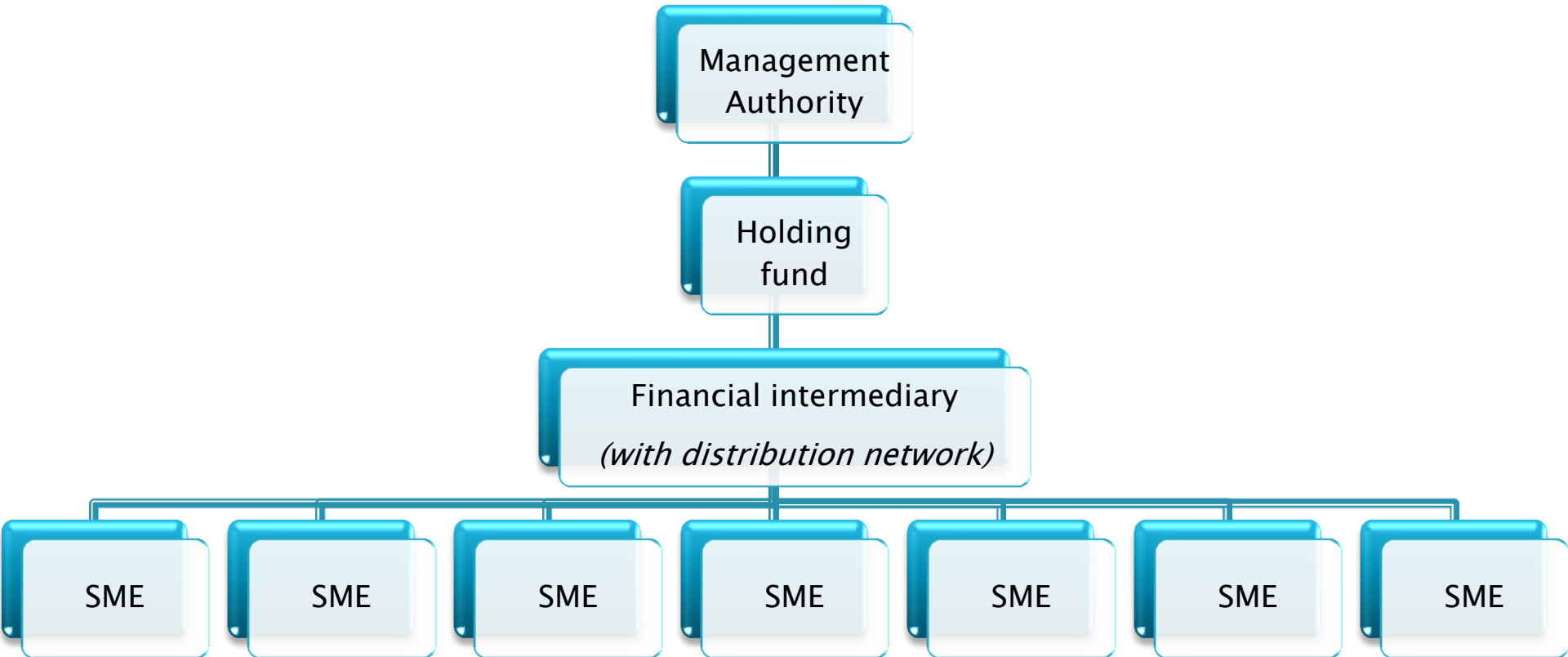
JEREMIE Institutional Set-up



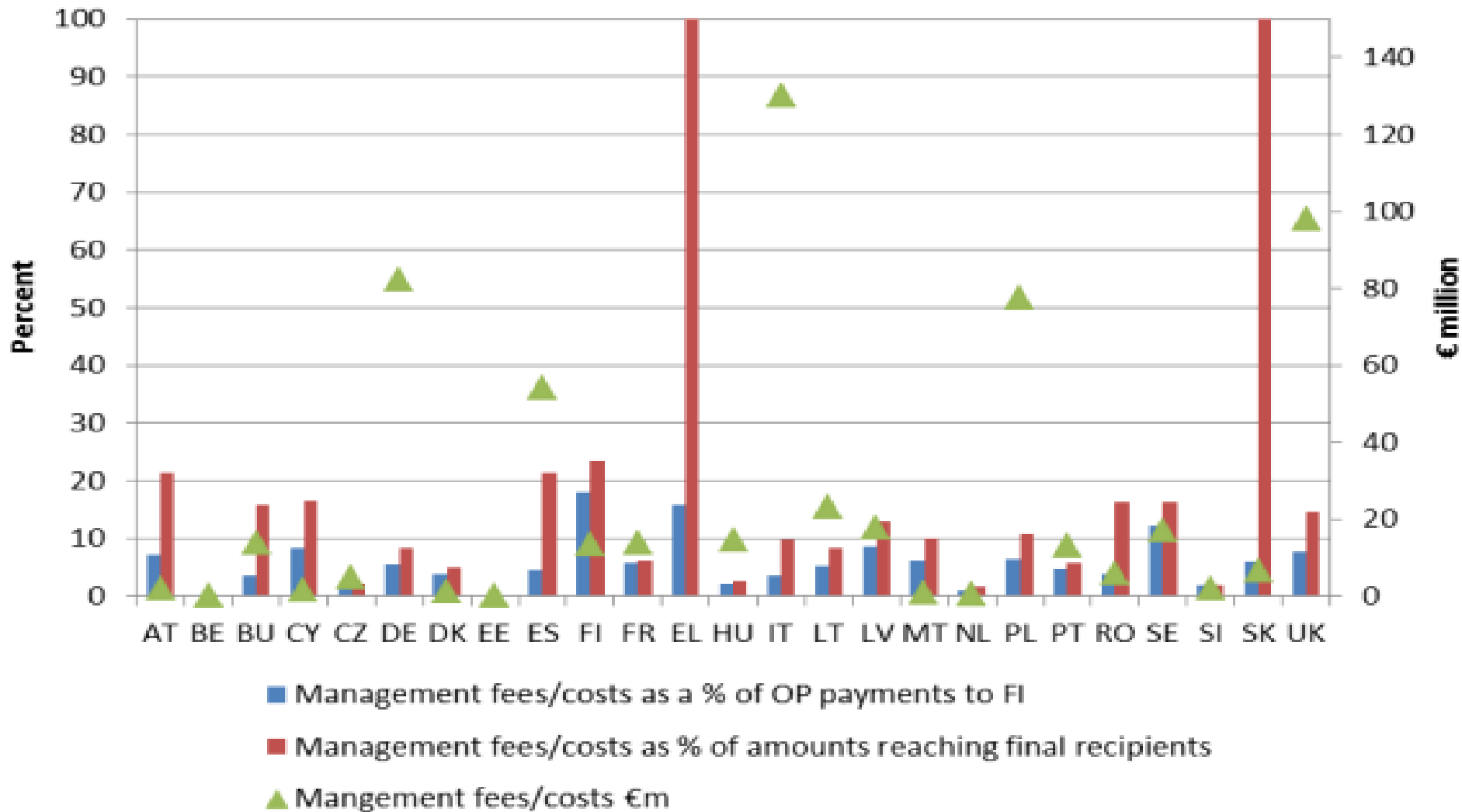
Types of financial intermediaries and number of contracts

	Number of agreements concluded with financial intermediaries					Type of products			
	Dec. 2011	Dec. 2012	Dec. 2013	Dec. 2014	Dec. 2015	Loan	Combined microcredit	Guarantee	Venture capital
Financial intermediaries									
Venture Capital Fund Managers	8	18	27	28	29	-	-	-	X
Commercial banks	99	116	119	120	120	X	-	X	-
Financial enterprises	53	76	94	97	97	X	X	-	-
Saving co-operatives / Co-operative saving org.	76	111	134	134	134	X	X	-	-
Microfinance institutions / enterprise agencies	35	35	35	35	35	X	X	-	-
Total	271	356	409	414	415				

FI institution system: holding fund using PP



Management costs and fees



Remuneration of financial intermediaries and fund of funds (2014–2020)

	Max. amount that may be used in the eligibility period (in percentage of programme contribution, per year)	Schedule of eligible fees	
		Base remuneration	Performance based remuneration (per year)
Fund of funds	7%	3% in the first 12 months, 1% in the next 12 months, 0.5% per year after that	
Intermediary providing capital share	20%	2.5% per year in the first 24 months, 1% per year after that	2.5%
Intermediary providing loans	8%	0.5% per year	1%
Intermediary providing guarantees	10%		1.5%
Intermediary providing microloans	10%		1.5%
Financial intermediary providing grants, interest subsidies, guarantee fee subsidies	6%		0.5%

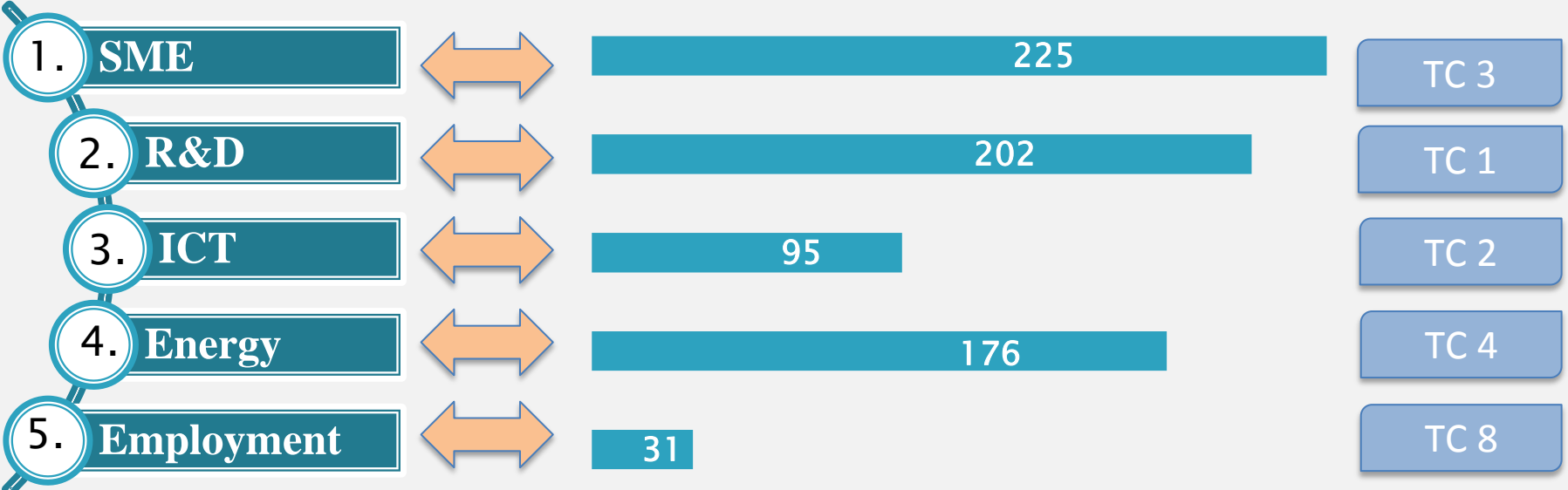
2014-20 programming period

The following Hungarian OPs are planning to use FIs:

Economic Development and Innovation OP	ERDF
Competitive Central Hungary OP	ERDF
Human Development OP	ERDF/ESF
Integrated Transport OP	ERDF/CF
Rural Development OP	EAFRD

Connecting EDIOP priorities

FINANCIAL INSTRUMENT PRIORITY STRUCTURE (DIVIDED BY THEMATIC OBJECTIVES, BN HUF)



Conclusions



- ▶ Wider possibilities of financial instruments
- ▶ Positive experiences of the combined products
- ▶ According to regulation combination with grant is possible, BUT restrictive COM interpretation

2007–2013

Short and limited rules and few guidance

Free rein to Member States to explore

2014–2020

More sophisticated regulation with several guidance

Rules are not in line with MS practices



"Don't bother me with new ideas, I've got a battle to fight!"